



# AGRICULTURAL BULLETIN

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ROY WENZLICK & CO.

*Real Estate Economists, Appraisers and Counselors*

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## FARM REAL ESTATE ACTIVITY DROPS SHARPLY

**D**URING the year from March 1947 through March 1948 farm real estate activity dropped 15% from its postwar peak reached during the preceding year. In the year ending March 1949 farm real estate activity dropped another 17% and at present is nearly 30% below the 1947 peak. The chart at the bottom of the page shows the course of voluntary (blue bars) and forced sales (green bars) of farms from 1926 through 1949 (year ending March 1949). The data on forced sales for the past year were not available at the time we went to press, so that information is not shown on the chart.

Nothing could be more dangerous than sweeping generalities regarding a pessimistic outlook for farm real estate. Activity has fallen, it is true, but the potential demand for farm land continues to be strong. Good farm land still brings top or nearly top prices in most of the Midwestern and Southern States.

On page 278 we show the indexes of farm land values per acre during the last and the present boom by regions. The red lines represent the course farm land values took during the last boom. The latest figures shown are for March 1, 1949. Although most of the regions show an increase for the year, there have actually been more declines than show up on these charts. This is because the charts are on a yearly basis and most of the declines have occurred since November 1948. Although

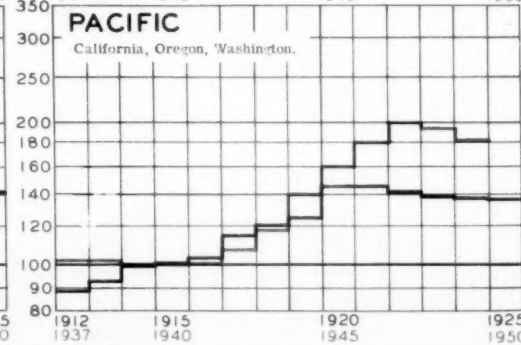
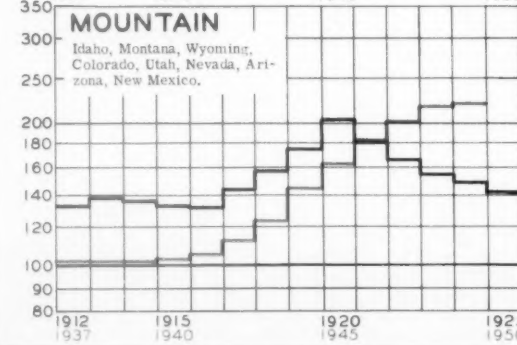
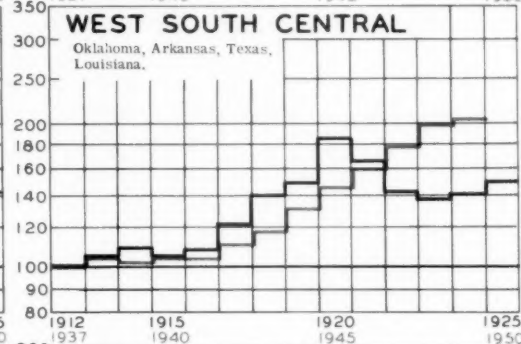
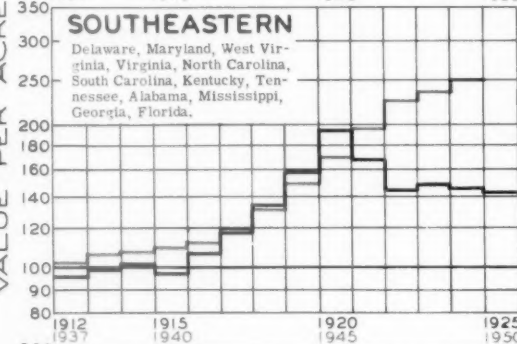
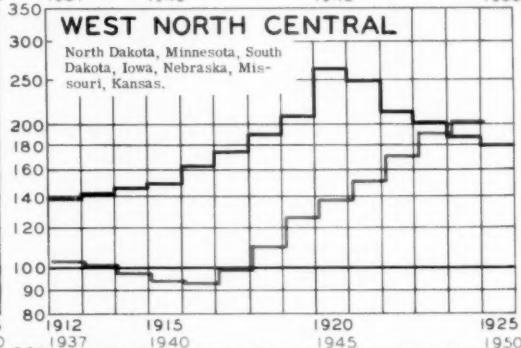
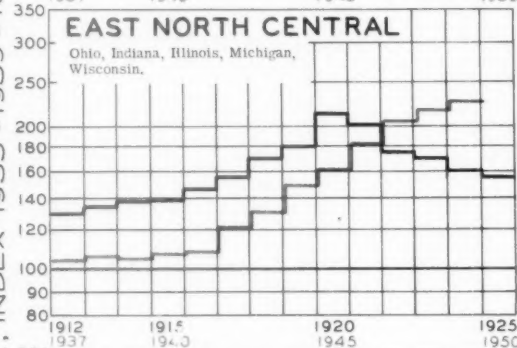
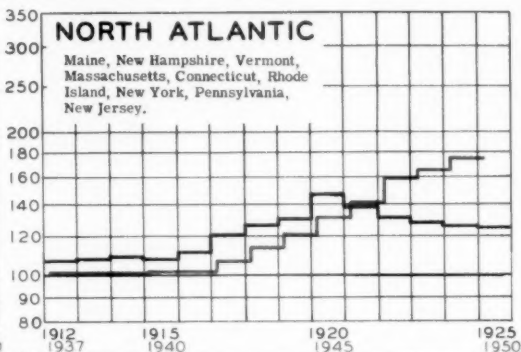
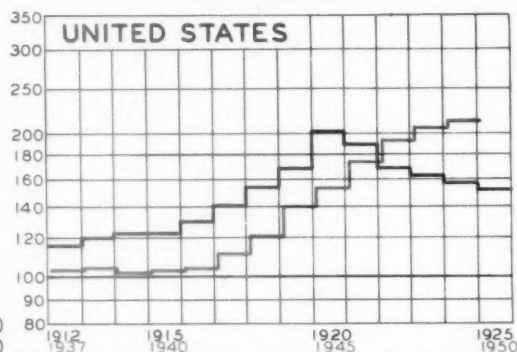
(cont. on page 279)



# FARM VALUES IN THE UNITED STATES

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VALUE PER ACRE, INDEX 1935-1939 = 100



(cont. from page 277)

the average for the entire country is higher, the prices of farm land in several States have taken big drops.

The most significant declines in prices per acre have been prevalent in the Southwest, Rocky Mountain and Pacific States. The severe winter, the dropping prices of meat animals and wheat, and a rather prolonged drought in some sections have hastened the deterioration of farm land prices in these regions. Since November 1948, every State west of Texas has shown a decline in value of farm land per acre except New Mexico, where there has been no change. (This also includes Texas with a drop of 6% in the average value per acre.)

Several States have seen a continued increase in the value of their farm lands. From November 1948 through March 1949 the farm values per acre in New York rose 5%; in North Dakota, Missouri, Tennessee, Alabama, Mississippi and Louisiana, 4%, while the two Carolinas, Kentucky, New Jersey and Pennsylvania increased 3%.

Although it is difficult to make comparisons from limited data, it seems that farm real estate prices have not slipped so far as the prices on urban residential properties. Country banks and other lenders have been growing more selective for several months, and there has been some slight rise in interest rates. The supply of lendable funds, however, has not been responsible for the drop in either the number of transfers or in the sales price of farm lands.

To sum up, we believe that most farm brokers can keep up a fairly good volume of sales over the next 6 to 12 months - maybe longer. The dollar volume and sales prices will not be so high as 1947 and early 1948, and more hard work, ingenuity and imagination will be necessary. We said last year that the "safe" period in farm speculation had passed. Needless to say, we do not believe that another has arrived.

On pages 280 through 283 we show the latest data on voluntary farm transfers and forced sales by States from 1926 through 1948 (March 1948). There were only 3 States that did not show a drop in farm real estate activity during the year ending March 1948. They were Arizona, Idaho, Illinois and Nevada, where slight increases occurred, and North Dakota and Utah, where the level of the preceding year was maintained. The 5 States showing the greatest percentage drop were Massachusetts, where farm real estate activity dropped 50% from its March 1947 level, Louisiana, down 36%, Michigan, 31%, Arkansas, 30%, and Kentucky, 29%.

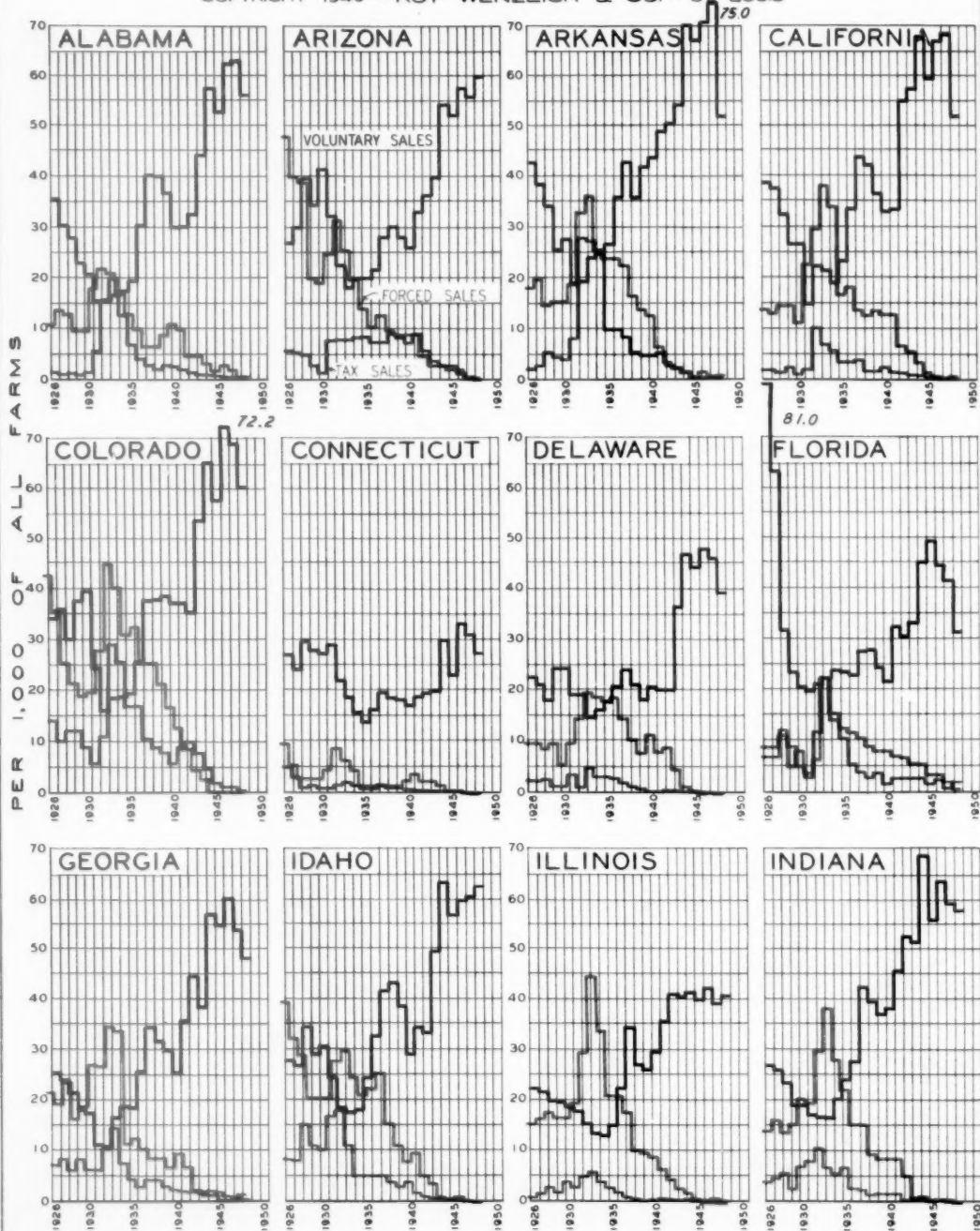
During this same period the 5 States with the highest activity were North Dakota, where the rate reached 71.5 sales for every 1000 farms (about 1 out of each 14 farms); Missouri, 64 sales per 1000 farms; Idaho, 62.8; Oregon, 61.0; and South Dakota, 60.8. Of these 5 States, only North Dakota was in the top group the preceding year.

Forced sales in all States remained low. Florida had the highest rate of tax sales, 2.5 per 1000 farms; Louisiana had a rate of 2.1; Montana, 2.0; Kentucky, 2.0; and Minnesota, 1.8. Mississippi and Maine had the highest foreclosure rate - 2.4 and 2.3 foreclosures per 1000 farms. They were closely followed by Vermont, 2.0; New Hampshire, 1.8; and Georgia, 1.8.

# VOLUNTARY AND FORCED SALES OF FARMS IN 48 STATES

PER 1,000 OF ALL FARMS

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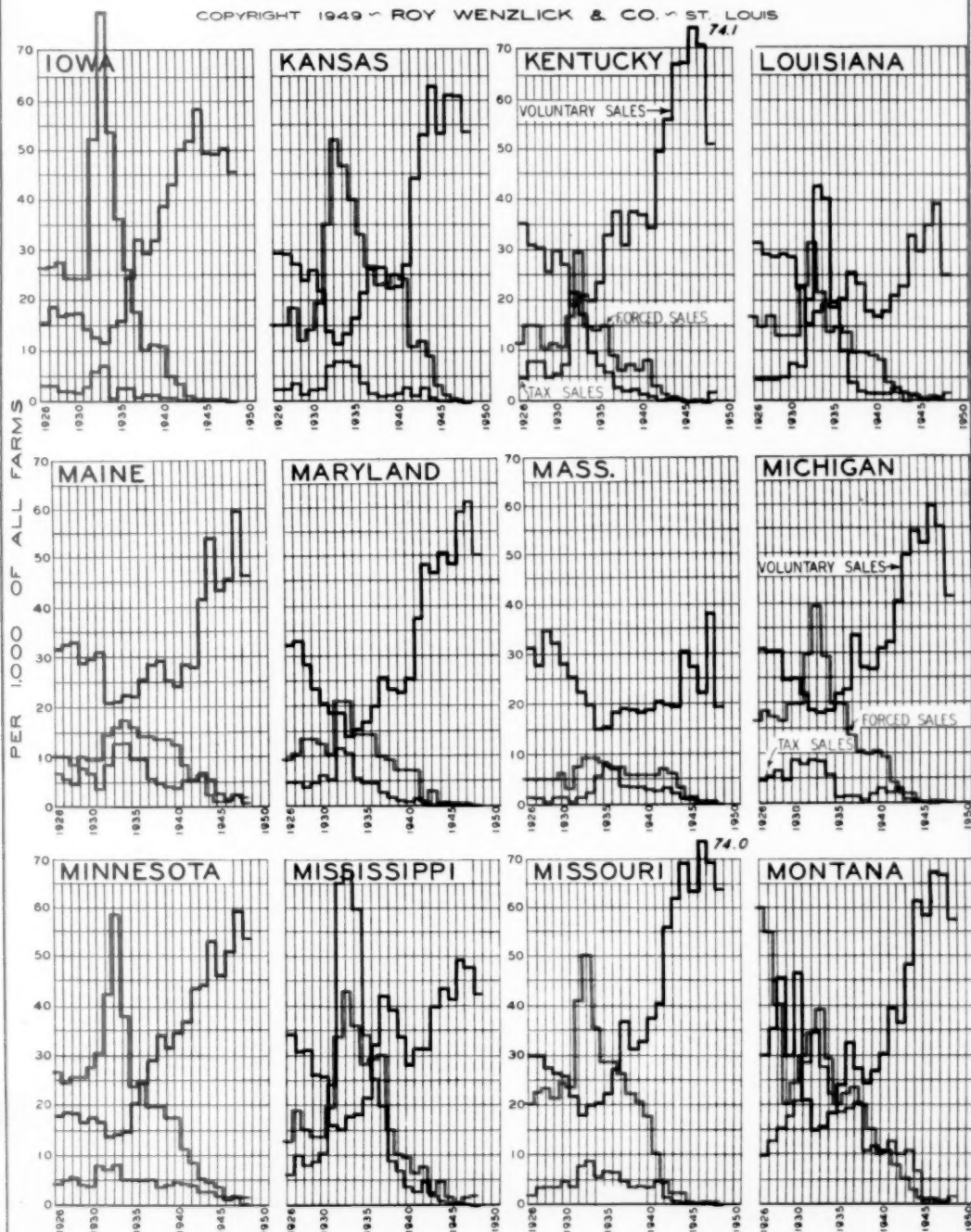




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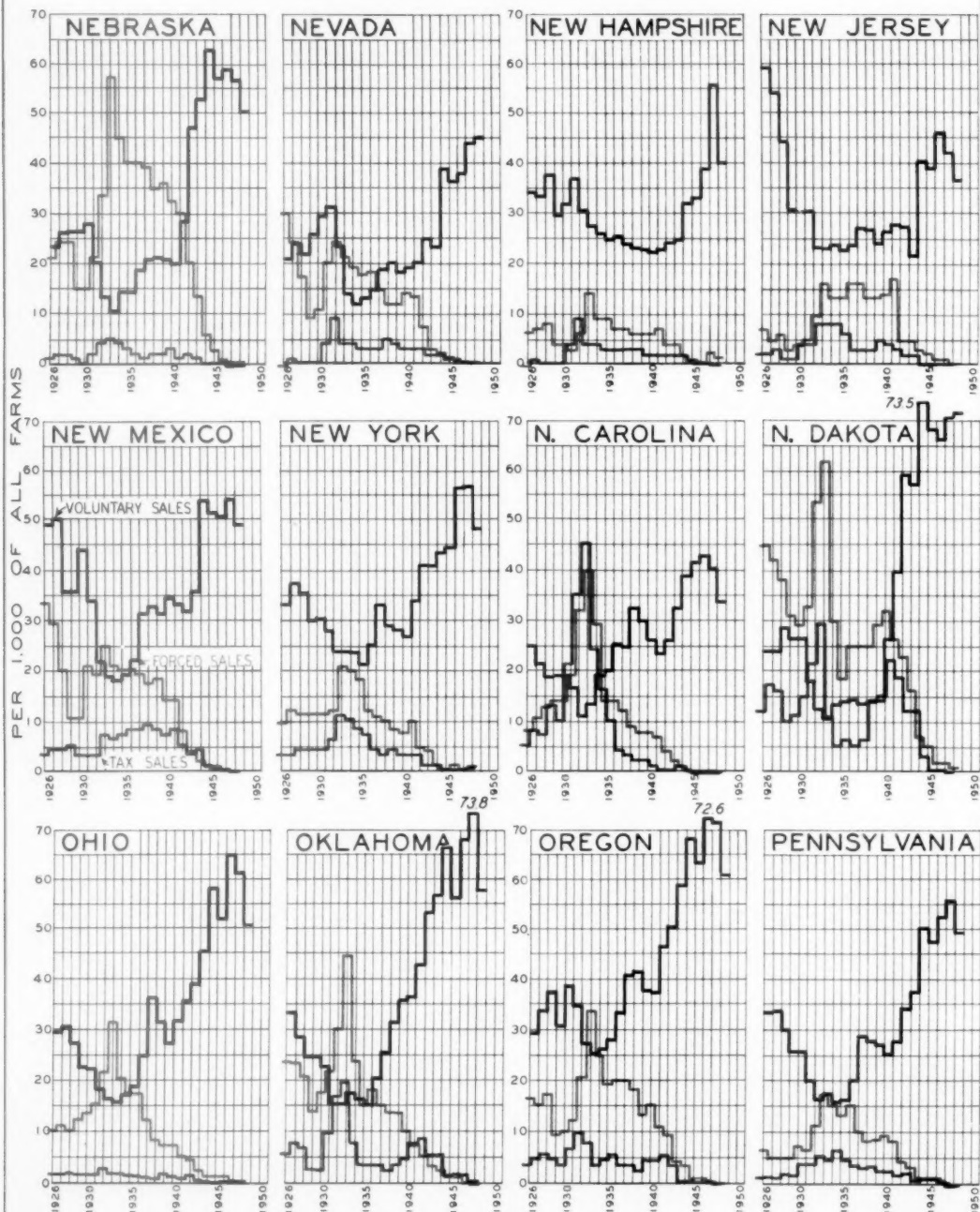
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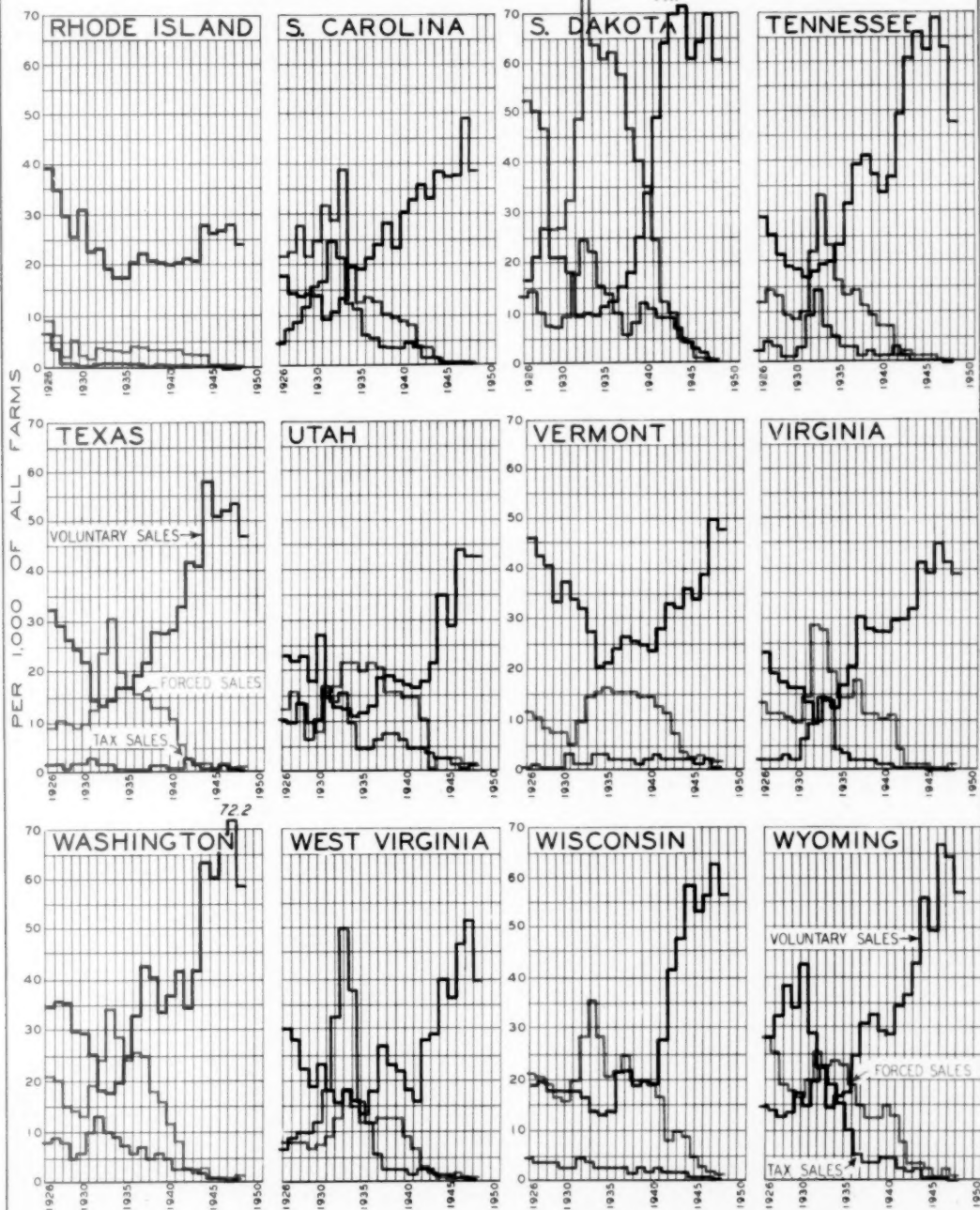
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# VOLUNTARY AND FORCED SALES OF FARMS IN 48 STATES

PER 1,000 OF ALL FARMS

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# NET INCOME TO AGRICULTURE AS A PERCENT OF VALUE OF ALL FARM REAL ESTATE

1910 — 1948

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Not all farm net income can be treated as a return to the land and buildings. Included in the net income is a return on the enterprise, a return on the labor of the farmer and his family, and a return on the money invested in tools and power.

